GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2161
ANSWERED ON:28.07.2017
Financial Assistance for Agricultural Debt Waiver Scheme
Swami Maharaj Dr. Sakshi

Will the Minister of FINANCE be pleased to state:

a) whether the Government has received any request from the State Government of Uttar Pradesh for providing financial assistance for the implementation of agricultural debt waiver scheme, if so, the details thereof;

b) whether the State Government has also requested the Union Government for directing the Reserve Bank of India for accepting Government bonds with a view to facilitate the implementation of the above scheme in the State; and

c) if so, the details thereof and the action taken by the Government in this regard?

Answer

MINISTER OF STATE IN MINISTRY OF FINANCE
(SHRI ARJUN RAM MEGHWAL)

(a) to (c) The State Government of Uttar Pradesh has sought Rs. 36359 crore by way of grant-in-aid for the implementation of Agricultural Debt Waiver Scheme. If full grant-in-aid is not possible, State Government of Uttar Pradesh may be allowed permission for raising of remaining funds upto the full amount of Rs. 36359 crore through raising of bonds, which may be kept beyond net borrowing limit determined for the State for the Financial year 2017-18. If it is not possible to exceed to above request, the State Government wanted that banks may be directed not to charge interest on the outstanding loan amount frozen as on 31.03.2017 till the full repayment of loan.

Fourteenth Finance Commission (FFC) has recommended biggest ever increase in vertical tax devolution/ share of the States in the Central Divisible Pool from 32% to 42% to fill the resource gap of each State including Uttar Pradesh. The State of Uttar Pradesh is expected to get tax devolution of Rs.121406 crore in 2017-18 (BE) as compared to Rs. 109427 crore (RE 2016-17) and Rs. 90973 crore (Actual 2015-16). Substantial increase in tax devolution and grant-in-aid recommended by FFC is a major step in the process of transferring more resources to the States in the nature of untied funds so that States including Uttar Pradesh may implement schemes or programmes from these resources which are best suited to the local needs, requirements and aspirations of people. Further, 14th Finance Commission (FFC) has anchored Fiscal Deficit (FD) limit of all the States to an annual borrowing limit of 3% of Gross State Domestic Product (GSDP). No dispensation for implementation of agricultural debt waiver scheme beyond annual borrowing limits for the State can be considered.

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